

Clustering services and trade for a better integrated Caribbean

When describing the realities of the business world, the word 'competition' may be one of the strongest elements. In some circumstances – higher costs, bigger market, skills completion – companies realize, on the contrary, that cooperation may be a way to capture common profits.

The concept of 'coopetition' has been invented to describe situations where competitors choose to be business partners. Business clusters are an illustration of coopetition: companies are clustering in a specific area or through a network to benefit from the positive effects of proximity or pooling of resources.

Cluster GAT Caraïbes was born from that concept. In 2012 transport and logistics companies in Martinique decided to create the organization in order to gather knowledge on logistics and help develop businesses. The organization, which is non-profit-making, quickly developed in the French Caribbean and in the rest of the Caribbean, specifically acting to promote transport and logistics connections in the Greater Caribbean. Today, Cluster GAT Caraïbes is continuing its evolution by focusing its efforts on developing trade within the Greater Caribbean in order to speed up logistical flows.

FOCUSING

The Greater Caribbean (including continental countries with a Caribbean coast) is composed of very differentiated economies, with markets of different sizes and various levels of development. Cluster GAT Caraïbes is focusing its efforts on the links between the French Caribbean (the French local communities of Guadeloupe, Martinique, Saint Barthélemy, Saint Martin and French Guiana) and the rest of the Caribbean.

With the exception of Saint Barthélemy, all these French territories are part of the

European Union. They are also fully integrated into the French Republic and basically have exactly the same organization as any other French region. Most of their trade relations are with the rest of the European Union and in particular with Metropolitan France (France in Europe). Transatlantic links are thus very important, accounting for up to 90 per cent of trade relations, whereas regional trade could be better developed.

In the Caribbean, logistics costs, customs and excise taxes are high, accounting for over 35 per cent of GDP on average (less than four per cent in G7 countries). The French Caribbean is no exception; even if it is in the European Union and part of the EU customs territory, it does not form part of the fiscal territory of the EU. This means that all imported goods have to comply with EU standards and regulations, prohibitions and restrictions, but taxes can be different from the rest of the EU. In practical terms, import taxes in the French Caribbean are composed of EU custom dues, national taxes (VAT, which is specific to the French Caribbean, with lower rates than Metropolitan France) and dock dues (specific for each local community).

On the one hand, the French Caribbean, as part of France, the European Union and the Organization for Economic Co-operation and Development (OECD), is less competitive on low-value-added products and services compared with its Caribbean neighbors. This is explained by factors such as higher standards, salaries and taxes. On the other hand, a strong advanced expertise and high-value-added products are available in the French Caribbean and are competitive and of high quality. This does not mean, though, that all high-value-added products are susceptible of being exported. The French Caribbean, like the European Union, is a gateway to the rest of the European market and a strong French Caribbean expertise is available to



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help develop export products according to EU standards in Caribbean countries.

To develop trade between the French Caribbean and the rest of the Caribbean, however, it is necessary to consider each service and each product and how it will be able to compete and respect standards and conquer the targeted market. Entrepreneurs have to develop their knowledge and get to know the local stakeholders. It is also necessary to explain to them how to enter the target market, both legally speaking and in terms of the local culture, language and practices.

PROFESSIONAL

Cluster GAT Caraïbes is engaged in such an action. It is a network used by its Greater Caribbean members as a means to facilitate contacts and be identified. It provides services to enter local Caribbean markets and aims to find ways to overcome obstacles to cross-border trade in the Caribbean. The Cluster offers pooled services, such as professional training, and organizes every two years the Caribbean Trade Fair for Transport and Logistics (due to be held next in 2018). An on-line multimodal marketplace (carib-inter.com) is available to find logistical solutions.

Taking part in business clusters may be the solution to help find the right partner or the way to enter new markets. Will this contribute to a better-integrated Caribbean? This is what we believe at Cluster GAT Caraïbes.